



OFFICE OF AUDITOR OF ACCOUNTS

[REQUEST FOR PROPOSALS](#)

FOR

PROFESSIONAL AUDITING SERVICES

JANUARY 16, 2009

**DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL  
HAZARDOUS SUBSTANCE CLEANUP FUND AND  
WATER POLLUTION CONTROL REVOLVING LOAN FUND**

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DRINKING WATER REVOLVING LOAN FUND**

**FINANCIAL STATEMENT AUDITS**

**RFP09-CPA-01**

by

State of Delaware  
Office of Auditor of Accounts  
Townsend Building, Suite 1  
401 Federal Street  
Dover, Delaware 19901

# OFFICE OF AUDITOR OF ACCOUNTS

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OFFICE OF AUDITOR OF ACCOUNTS  
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

In accordance with 29 *Del. C.* Chapter 69, Subchapter VI, *Professional Services*, the Office of Auditor of Accounts (AOA) is distributing this Request for Proposal (RFP) to, and requesting proposals from qualified certified public accounting firms to audit the financial statements of the following:

- Department of Natural Resources and Environmental Control, Hazardous Substance Cleanup Fund (DNREC-HSCF)
- Department of Natural Resources and Environmental Control, Water Pollution Control Revolving Loan Fund (DNREC-WPCRLF)
- Department of Health and Social Services, Drinking Water Revolving Loan Fund (DHSS-DWRLF)

for the fiscal years ending June 30, 2009, 2010, and 2011, with the option of auditing the financial statements for two additional two-year periods (subsequent fiscal years). These audits are to be performed in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits set forth in the U.S. Government Accountability Office's (GAO) *Government Auditing Standards*.

There is no expressed or implied obligation for AOA to reimburse responding firms for any costs or expenses incurred in preparing proposals in response to this request. AOA will not pay any costs or expenses incurred by any firm associated with any aspect of responding to this RFP, including proposal preparation, printing, or delivery, or the negotiation process. Additionally, no indirect reimbursements (e.g., in the form of credits or reductions to any agreed upon compensation) shall be made to any responding firm by AOA for any such costs or expenses.

A *mandatory* pre-proposal conference for all the firms interested in submitting a proposal will be held at 10:00 a.m. on January 28, 2009 at the Office of Auditor of Accounts' 3<sup>rd</sup> Floor Conference Room, in the Townsend Building, 401 Federal Street, Dover, DE 19901 to answer questions about the audits. **Please be aware there is construction on the south end of the third floor. The 3<sup>rd</sup> floor stairwell door will be open if needed. A sign will be posted on 1<sup>st</sup> floor if elevator cannot be used.** After this *mandatory* pre-proposal conference, any

inquiries concerning the RFP should be addressed to one of the following AOA personnel.

Stacey A. Wynne, CPA, Chief Administrative Auditor  
302-857-3919 or 302-577-5263 (Stacey.Wynne@state.de.us)  
Candace M. Casto, CGFM, Administrative Auditor  
302-857-3910 (Candace.Casto@state.de.us)

To be considered, five copies of the *technical* proposal must be sent to Stacey A. Wynne, CPA, Chief Administrative Auditor, and three copies of the *cost* proposal must be sent to Candace M. Casto, CGFM, Administrative Auditor, at Office of Auditor of Accounts, Townsend Building, Suite 1, 401 Federal Street, Dover, DE 19901 by 3 p.m. (EST) on February 11, 2009. **ALL PROPOSALS MUST BE DELIVERED TO AOA'S THIRD FLOOR OFFICE IN THE TOWNSEND BUILDING, SUITE 1, 401 FEDERAL STREET, DOVER, DE 19901. IF USING FEDERAL EXPRESS OR ANOTHER COMPANY, PLEASE DO NOT DELIVER TO THE DIVISION OF CORPORATIONS IN THE TOWNSEND BUILDING.** AOA reserves the right, exercised in its sole discretion, to reject any or all proposals submitted.

Proposals submitted may be evaluated by the following: Chief Administrative Auditor, Deputy Auditor, Administrative Auditor, Field Audit Manager, and/or Auditor III if he/she is in charge or involved with the audit. A representative from the auditee's office and/or oversight agency may also be on the Evaluation Committee.

During the evaluation process, AOA's staff reserves the right, where it may serve the State of Delaware's best interests, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of AOA staff or the Evaluation Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

AOA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between AOA and the firm selected.

It is anticipated the selection of a firm will be completed by February 27, 2009. Following the notification of the selected firm, it is expected a contract will be executed between both parties by March 13, 2009.

B. Term of Engagement

A three-year contract is contemplated, with the option to audit the following financial statements for two additional two-year periods (subsequent fiscal years) subject to the satisfactory negotiation of terms (including a cost acceptable to both AOA and the selected firm) and the annual availability of an appropriation by the Legislature.

- (DNREC-HSCF)
- (DNREC-WPCRLF)
- (DHSS-DWRLF)

C. Subcontracting

The work will not be subcontracted.

II. NATURE OF SERVICES REQUIRED

A. General

AOA is soliciting the services of qualified certified public accounting firms to audit the financial statements of the following financial statements for the fiscal years ending June 30, 2009, 2010, and 2011, with the option to audit the financial statements for two additional two-year periods (subsequent fiscal years). These audits are to be performed in accordance with the provisions contained in this RFP.

- (DNREC-HSCF)
- (DNREC-WPCRLF)
- (DHSS-DWRLF)

B. Scope of Work to be Performed

AOA desires the auditor to express an opinion on the fair presentation of the following basic financial statements in conformity with accounting principles generally accepted in the United States of America and auditing standards generally accepted in the United States of America and the standards for financial audits set forth in the U.S. Government Accountability Office's (GAO) *Government Auditing Standards*.

- (DNREC-HSCF)
- (DNREC-WPCRLF)
- (DHSS-DWRLF)



**Please note that the CONTRACTOR will be required to prepare the financial statements based on information provided by management (such as a trial balance from accounting software, DFMS, and PHRST reports.) As a result of the preparation of the financial statements that is a part of this RFP, please document the CONTRACTOR'S independence regarding the preparation and auditing of the financial statements in accordance with *Government Auditing Standards*.**

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

C. Auditing Standards to be Followed

To meet the requirements of this RFP, the audit shall be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.
2. A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

In the required reports on compliance and internal controls, the auditor shall communicate any significant deficiencies found during the audit. A significant deficiency is a deficiency in internal controls, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably, such that there is a remote likelihood that a misstatement that is more than inconsequential will not be prevented or detected.

Significant deficiencies that are also material weaknesses shall be identified as such in the report. A material weakness as defined by the

AICPA and GAO standards is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement will not be prevented or detected.

The report on compliance and internal controls shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

Irregularities and illegal acts. All situations or transactions that come to the auditor's attention that could be indicative of fraud, abuse, illegal acts, material errors, defalcations, or other irregularities shall be promptly reported to AOA and AOA will determine the appropriate course of action.

Reporting to the Chief Fiscal Officer or equivalent. Auditors shall assure themselves that the Chief Fiscal Officer or equivalent is informed of each of the following. It is the responsibility of the auditor to provide the communication to the Chief Fiscal Officer or equivalent. The auditor will provide AOA one copy of the communication listed below.

1. The auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgments and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Disagreements with management
7. Management consultation with other independent accountants
8. Major issues discussed with management prior to retention
9. Difficulties encountered in performing the audit

E. Audit Documentation Retention and Access to Audit Documentation

All audit documentation and reports must be retained, at the auditor's expense, for a minimum of five years, unless the firm is notified in writing by AOA of the need to extend the retention period. The auditor will be required to make audit documentation available, upon request, to the following parties or their designees:

- Office of Auditor of Accounts
- U.S. Environmental Protection Agency
- U.S. Government Accountability Office (GAO)
- Parties designated by the federal or state governments or by AOA as part of an audit quality review process
- AOA Peer Review Team

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review audit documentation relating to matters of continuing accounting significance.

III. DESCRIPTION OF THE GOVERNMENT

A. Location of Office

Department of Natural Resources and Environmental Control, Hazardous Substance Cleanup Fund (DNREC-HSCF) – 5 East Reed Street, Suite 200, Dover, DE 19901.

Department of Natural Resources and Environmental Control, Water Pollution Control Revolving Loan Fund (DNREC-WPCRLF) - 5 East Reed Street, Suite 200, Dover, DE 19901.

Department of Health and Social Services, Drinking Water Revolving Loan Fund (DHSS-DWRLF) - Suite 203, Blue Hen Corporate Center, Dover, DE 19901.

B. Background Information

The DNREC and DHSS fiscal year begins on July 1 and ends on June 30.

The Hazardous Substance Cleanup Fund Act was enacted in July 1990 to protect the citizens' public health and welfare and the environment from releases of

hazardous substances. The Act also provided for the program's funding that is under the Department of Natural Resources and Environmental Control, Division of Air and Waste Management. Two branches were created within the Division that together make up the Fund: The Superfund Branch and the Underground Storage Tank Branch. Both branches are funded primarily by a surtax on certain petroleum products sold in the State.

The Fund's activities are accounted for as a distinct operating unit within the Division and are run through the State's Delaware Financial Management System (DFMS) and Operations Management Systems (OMS). The Fund is divided into three sub-funds: a Holding Account for the collection of tax assessments and other revenues, a Cleanup Fund for remediation activities of the Fund, and an Administrative Account for the administrative activities of the Fund.

The financial statements are presented on a cash basis of accounting and are only the portion of the funds that are attributed to the transactions of the Fund.

The Delaware Water Pollution Control Revolving Loan Fund was created by the 1990 session of the Delaware General Assembly and received its first state appropriation on July 1, 1990. The Fund's purpose is to make below-market interest rate loans to local governments, individuals, and other qualifying applicants under the Environmental Protection Agency's (EPA) Capitalization Grants for State Revolving Funds federal assistance program. The Fund's enabling legislation empowers the Department of Natural Resources and Environmental Control to administer the Fund.

The Fund's activities are accounted for as a distinct operating unit and a Proprietary Fund with the Department of Natural Resources and Environmental Controls' Division of Water Resources. The Fund is divided into three sub-funds:

- The Federal Administrative Fund, which accounts for program-related administrative activities;
- The Capital Reserve Loan Fund, which accounts for capital lending and repayment activities;
- The Non-Federal Administrative Fund, which accounts for monies the State of Delaware has been authorized, by the EPA, to allocate from the Water Pollution Control Revolving Loan Fund program to use at its own discretion, without federal oversight.

The loan program for repayments is run on a Peachtree Software Package and through the State's Delaware Financial Management System (DFMS).

The financial statements are presented on an accrual basis of accounting and generally accepted accounting principles (GAAP). The Fund is a special purpose government proprietary fund engaged only in business-type activities.

The State of Delaware Drinking Water Revolving Loan Fund is established through 29 Del. C., Chapter 79, Subsection 15, which provides financial assistance to eligible public water systems in Delaware for the planning, design, and construction of drinking water facilities as well as loans for land acquisition for source water protection purposes. The Fund is administered by the State of Delaware, Department of Health and Social Services, Division of Public Health under the supervision of the Governor's Cabinet Committee on State Planning issues. Division of Public Health's primary activities include making loans, providing direct assistance and managing the coordination of the Fund to meet the objectives of the Safe Drinking Water Act.

The Fund is funded through federal capitalization grants as established under Section 1452 of the Safe Drinking Water Act. The Fund is accounted for as an enterprise fund and is made up of the following sub-funds which are separate accounting entities:

- The Loan Fund is a permanent loan fund to make low-interest loans to public water systems.
- Set-Aside Sub-Funds account for proceeds of specific grant revenues that are legally restricted to expenditures for specific purposes.
- The 2% Technical Assistance Sub-Fund which is used to account for the funds allotted to the State (up to 2% of the total) to provide assistance to public water systems serving 10,000 people or less;
- The 4% Administration Sub-Fund is used to account for the funds allotted to the State (up to 4% of the total) for the reasonable costs of administering the programs under Section 1452 and providing technical assistance;
- The 10% Program Management Sub-Fund is used to account for the funds allotted to the State (up to 10% of the total) to administer the State Public Water Supply System program, administer/provide technical assistance through source water protection programs, develop/implement a capacity development strategy, and develop/implement an operator certification program; and
- The 15% Local Assistance Sub-Funds which are used to fund several other categories of activities to assist development and implementation of local drinking water protection initiatives with the stipulation that not more than 20% of the capitalization grant amount can be used for any one activity.

The Fund uses the economic resources measurement focus and the accrual basis of accounting. The loans are run through a Peachtree Software Package, the program costs and match information is managed through Quickbooks Software Package, and all transactions for the Fund goes through the State's Delaware Financial Management System (DFMS).

More detailed information on the government and its finances can be found in the following websites:

- **AUDITEE'S WEBSITE**
  - Department of Natural Resources and Environmental Control, Division of Air and Waste Management  
<http://www.awm.delaware.gov/Pages/default.aspx>
  - Department of Natural Resources and Environmental Control, Division of Water Resources  
<http://www.dnrec.state.de.us/water2000/index.asp>
  - Department of Health and Social Services, Division of Public Health  
<http://www.dhss.delaware.gov/dhss/dph/index.html>
  - State Treasurer's Office – State's Cash Management Policy  
<http://www.state.de.us/treasure/information/cash.shtml>
- **BUDGET ACT**
  - FY 2009 Budget Bill, Bond Bill, Grant-In-Aid Bill, Governor's Recommended Budget Bill and Bond Bill  
<http://legis.delaware.gov/BillTracking>
- **DELAWARE CODE**
  - Delaware Hazardous Substance Clean Up Act, Delaware Code Title 7, Chapter 91  
[http://delcode.delaware.gov/title7/c091/index.shtml#P-1\\_0](http://delcode.delaware.gov/title7/c091/index.shtml#P-1_0)
  - Department of Natural Resources and Environmental Control, Delaware Code Title 29, Title 80  
[http://delcode.delaware.gov/title29/c080/index.shtml#p-1\\_0](http://delcode.delaware.gov/title29/c080/index.shtml#p-1_0)
  - Department of Health and Social Services, Delaware Code Title 29, Chapter 79  
[http://delcode.delaware.gov/title29/c079/index.shtml#P-1\\_0](http://delcode.delaware.gov/title29/c079/index.shtml#P-1_0)
  - Delaware Code Main Website <http://delcode.delaware.gov/>
- **BUDGET AND ACCOUNTING MANUAL**
  - <http://budget.delaware.gov/accounting-manual/account-manual.shtml>

C. Availability of Prior Audit Reports and Audit Documentation

The prior year's report can be found on the Auditor of Account's website at <http://auditor.delaware.gov/Audits/financialcompliance.shtml>.

Interested proposers who wish to review prior audit documentation should contact Candace M. Casto, CGFM, Administrative Auditor at [candace.casto@state.de.us](mailto:candace.casto@state.de.us) and 302-857-3910.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date proposals are due to be submitted:

- Request for proposal issued January 16, 2009
- Pre-proposal conference January 28, 2009
- Due date for proposals February 11, 2009

B. Notification and Contract Dates

- Selected firm notified February 27, 2009
- Contract date March 13, 2009

C. Date Audit May Commence

The fiscal records are available each year for audit by the end of July.

D. Audit Schedule for the Fiscal Year Audit

The Contractor shall provide the auditee with an audit schedule and a list of all information to be provided by the respective agency for each fiscal year.

E. Entrance and Exit Conferences

At a minimum, an entrance and exit conference must be held with each department's fiscal officer and key personnel. The Contractor must keep the auditee and AOA audit liaison updated on the progress of the audit.

## F. Reports

1. Draft Reports - The auditor shall provide an electronic version of the draft report and management letter, if applicable, to the Chief Fiscal Officer for their review and approval. The Chief Fiscal Officer should complete their review of the draft report as expeditiously as possible. During management review, the auditor should be available to discuss the audit report. After all issues are resolved and management has approved the draft report and management letter, an electronic version of the draft report and management letter shall be forwarded to AOA for review by the following dates.

### DNREC-HSCF

- |                    |                  |
|--------------------|------------------|
| • Fiscal Year 2009 | December 1, 2009 |
| • Fiscal Year 2010 | December 1, 2010 |
| • Fiscal Year 2011 | December 1, 2011 |

### DNREC-WPCRLF

- |                    |                 |
|--------------------|-----------------|
| • Fiscal Year 2009 | October 1, 2009 |
| • Fiscal Year 2010 | October 1, 2010 |
| • Fiscal Year 2011 | October 3, 2011 |

### DHSS-DWRLF

- |                    |                   |
|--------------------|-------------------|
| • Fiscal Year 2009 | September 1, 2009 |
| • Fiscal Year 2010 | September 1, 2010 |
| • Fiscal Year 2011 | September 1, 2011 |

2. Final Reports – The final report and management letter, if applicable, (one printed copy and an electronic version of each) is due to AOA by the following dates. AOA will review the report prior to the issuance of the audit report. The AOA may also perform a quality control review of the audit documentation.

### DNREC-HSCF

- |                    |                   |
|--------------------|-------------------|
| • Fiscal Year 2009 | December 31, 2009 |
| • Fiscal Year 2010 | December 30, 2010 |
| • Fiscal Year 2011 | December 30, 2011 |



## DNREC-WPCRLF

- |                    |                  |
|--------------------|------------------|
| • Fiscal Year 2009 | October 30, 2009 |
| • Fiscal Year 2010 | October 29, 2010 |
| • Fiscal Year 2011 | October 31, 2011 |

## DHSS-DWRLF

- |                    |                    |
|--------------------|--------------------|
| • Fiscal Year 2009 | September 30, 2009 |
| • Fiscal Year 2010 | September 30, 2010 |
| • Fiscal Year 2011 | September 30, 2011 |

## V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION AND REVIEW

### A. Assistance

The fiscal staff and management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. The preparation of confirmations will be the responsibility of the CONTRACTOR. The cost of confirmations will be the responsibility of DNREC and DHSS.

### B. Report Preparation and Review

Report preparation, editing, and printing shall be the responsibility of the CONTRACTOR. The draft report must have a supervisory and technical review before it is submitted to AOA.

## VI. PROPOSAL REQUIREMENTS

### A. General Requirements

#### 1. *Mandatory* Pre-proposal Conference

Firms interested in submitting a proposal must attend a mandatory pre-proposal conference on January 28, 2009, at 10:00 a.m. in the Office of Auditor of Accounts' third floor conference room in the Townsend Building, 401 Federal Street, Dover, DE 19901. **Please be aware there is construction on the south end of the third floor. The 3<sup>rd</sup> floor stairwell door will be open if needed. A sign will be posted on 1<sup>st</sup> floor if elevator cannot be used.** Both verbal and written questions will be accepted during the conference. Representatives of the DNREC and DHSS will be available at the conference to discuss their operations.

2. Inquiries

Inquiries concerning the RFP and the subject of the RFP must be made to:

Stacey A. Wynne, CPA  
Chief Administrative Auditor  
302-857-3919 or 302-577-5263  
[stacey.wynne@state.de.us](mailto:stacey.wynne@state.de.us)

**Direct contact with State of Delaware or AOA employees other than the above-referenced contacts regarding this RFP is expressly prohibited without prior consent.** Firms contacting State of Delaware or AOA employees risk elimination of their proposal from further consideration. Exceptions exist only for organizations currently doing business in the State of Delaware who require contact in the normal course of business.

3. Submission of Proposals

**To be considered, all proposals must be submitted by the due date listed in Section IV, A. to AOA's third floor office, Townsend Building, Suite 1, 401 Federal Street, Dover, DE 19901, in writing and respond to the items outlined in this RFP using the following required format. Please do not have the proposals delivered to the Division of Corporations.** AOA reserves the right to reject any non-responsive or non-conforming proposals, as well as proposals received after the specified date and time. By submitting a proposal, and in consideration of AOA's efforts and representations with respect to the review and evaluation of its proposal, the firm expressly agrees to be bound by the terms and conditions of this RFP in the event it is selected for the engagement. The following material is required to be received by the due dates listed for a firm to be considered.

B. Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the DNREC-HSCF, DNREC-WPCRLF, and DHSS-DWRLF in conformity with the requirements of this RFP. As such, the substance of proposals will carry more weight than their form or manner of presentation. The Technical Proposal should list the particular staff to be assigned to this engagement, and specify an audit approach that will meet the RFP requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the RFP (excluding any cost information which should only be included in the sealed dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included in the required format. Those subjects represent the criteria against which the proposal will be evaluated.

1. Required Format - A master copy (so marked) of a sealed Technical Proposal and four copies (total of five copies) to include the following:

- a. Title Page

Title page showing RFP subject; RFP reference number; the firm's name; the contact's name, address, telephone number, and e-mail address; and the date of the proposal. The transmittal letter must also clearly state and justify any exceptions to the requirements of the RFP that the applicant may have taken in presenting the proposal.

- b. Table of Contents

Table of contents should clearly identify each section by page number.

- c. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why the firm believes it is best qualified to perform the engagement, and a statement that the proposal is a firm and irrevocable offer for one month after the due date of proposal.

- d. Detailed Proposal

The proposal must conform to the proposal requirements of the RFP. AOA specifically reserves the right to waive any informalities or irregularities in the proposal format. The detailed

proposal should follow the order set forth in Sections VI B and C of this RFP.

2. Mandatory Criteria (all criteria must be met or the proposal cannot be considered)

a. Independence

The firm should provide an affirmative statement that it is independent of the DNREC-HSCF, DNREC-WPCRLF, DHSS-DWRLF, and AOA Office as defined by the U.S. Government Accountability Office's *Government Auditing Standards*.

In addition, the firm shall give the DNREC-HSCF, DNREC-WPCRLF, and DHSS-DWRLF and AOA written notice of any professional relationships entered into during the period of this agreement.

b. License to Practice in Delaware

An affirmative statement should be included that the firm and the engagement partner and manager/supervisor in charge are currently licensed or in the process of obtaining a license as a certified public accountant to practice in the State of Delaware. The applicant must provide evidence of a valid Delaware CPA permit for all Delaware CPAs on the audit team and a business license for the firm.

3. Firm Qualifications, Experience, and Requirements

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full-time basis, and the number and nature of the staff to be employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve, as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements. The firm must also include a copy of the letter of comments, if applicable. The firm shall certify that it has not been suspended or debarred from performing government audits or from other government activity. In addition, the firm shall certify that it has not been the subject of any disciplinary action or inquiry in any jurisdiction during the past three years.

The firm must certify that it shall maintain such insurance as will protect against claims under Worker's Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under this Contract. The Contractor is an independent contractor and is not an employee of the State.

The Contractor shall, at its expense, carry insurance of minimum limits as follows:

- a. Comprehensive General Liability.....\$1 million per claim/  
\$3 million aggregate
- b. Professional Liability.....\$1 million per claim/  
\$3 million aggregate

The Contractor shall provide evidence of such insurance.

4. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each person is registered or licensed to practice as a certified public accountant in the State of Delaware. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit and whether or not that person, within the past three years, has been the subject of any disciplinary action or inquiry in any jurisdiction.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this

engagement. Indicate how the quality of staff over the term of the agreement will be assured.

The proposer should identify the extent to which staff to be assigned to the audit reflects the State of Delaware's commitment to Affirmative Action. Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of AOA. However, in either case, AOA retains the right to approve or reject replacements and the replacements must have substantially the same or better qualifications or experience.

Consultants and firm specialists mentioned in response to this RFP can only be changed with the express prior written permission of AOA, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

5. Prior Engagements With AOA

List separately all engagements within the last three years, ranked on the basis of total staff hours, for AOA by type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

6. Similar Engagements With Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last three years that are similar to the engagement described in this RFP. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this RFP.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the audit.
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample size and the extent to which statistical sampling is to be used in the engagement.
- d. Extent of use of EDP software in the engagement.
- e. Type and extent of analytical procedures to be used in the engagement.
- f. Approach to be taken to gain and document an understanding of the auditee's internal control structure and test related controls (including IT structure and controls). Also, discuss COSO criteria and approach to understand internal controls using this criteria.
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance.
- i. Approach to be taken to manage the engagement process and ensure time and staff commitments required to meet AOA deadlines.

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be requested from the auditee.

C. Cost Proposal

The proposer shall submit an original (so marked) and two copies (total of three copies) of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID  
PROPOSAL  
FOR  
**DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL  
HAZARDOUS SUBSTANCE CLEANUP FUND AND  
WATER POLLUTION CONTROL REVOLVING LOAN FUND**  
  
**DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DRINKING WATER REVOLVING LOAN FUND**

**FINANCIAL STATEMENT AUDITS**  
  
FOR  
PROFESSIONAL AUDITING SERVICES  
FEBRUARY 11, 2009

The sealed envelope shall contain the name and address of the proposing firm and the sealed dollar bid shall include the following:

1. Total All-Inclusive Maximum Cost

The sealed dollar cost bid should contain all cost information relative to performing the audit engagement as described in this RFP. The total all-inclusive maximum cost to be bid is to contain all direct and indirect costs including all out-of-pocket expenses **for each fiscal year**. (see Appendix A).

AOA will not be responsible for expenses incurred in preparing and submitting the sealed technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.



The first page of the sealed dollar cost bid should include the following information:

- a. Name of Firm.
  - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with AOA.
  - c. A Total All-Inclusive Maximum Cost for each fiscal year.
2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix A), that supports the total all-inclusive maximum cost. **The cost of Special Considerations described in Section II E of this RFP should be disclosed as separate components of the total all-inclusive maximum cost.**

3. Out-of-Pocket Expenses Included in the Total All-inclusive Maximum Cost and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging, and subsistence) will be reimbursed at the prevailing rates used by the State of Delaware for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed dollar cost bid in the format provided in the attachment (Appendix A). All expense reimbursements will be charged against the total all-inclusive maximum cost submitted by the firm.

In addition, a statement must be included in the sealed dollar cost bid stating the firm will accept reimbursement for travel, lodging, and subsistence at the prevailing rate used by the State of Delaware for its employees.

4. Rates for Additional Professional Services

If it should become necessary for AOA to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional

work shall be performed only if set forth in an addendum to the Agreement between AOA and the firm. Any such additional work agreed to between AOA and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

#### 5. Manner of Payment

Progress payments up to 90 percent will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Invoices shall cover a period of not less than a calendar month and must include the following: (1) name of auditee/engagement; (2) amount and if it's a progress or final invoice; and (3) a breakdown of staff and hours for each. Ten percent of the contract amount will be retained until the Exit Conference has been held and the final reports have been reviewed and accepted by AOA.

CONTRACTOR agrees to bill AOA only for actual work performed and out-of-pocket expenses incurred during its performance of the engagement. CONTRACTOR must submit all invoices in writing or electronic format to AOA for approval. Invoices must include the name of the auditor who performed the work, the nature of work performed, the date(s) work performed, the number of hours worked and the corresponding hourly rate, in addition to the amounts, descriptions and dates of all out-of-pocket expenses for which reimbursement is requested. If approved, AOA will forward the invoice to the auditee for payment or pay the invoices itself, depending on the type of audit.

#### D. Submission of Proposals

**All completed sealed proposals must be delivered in person, by mail, or by carrier service (e.g., FedEx, UPS, etc.) to the following AOA personnel at AOA's third floor office, Townsend Building, Suite 1, 401 Federal Street, Dover, DE 19901. Please do not have the proposals delivered to the Division of Corporations.**

#### **Cost Proposal**

Candace M. Casto, CGFM  
Administrative Auditor, Administration  
302-857-3910  
candace.casto@state.de.us

## **Technical Proposal**

Stacey A. Wynne, CPA  
Chief Administrative Auditor  
302-857-3919  
stacey.wynne@state.de.us

**Any proposal submitted by mail shall be sent by either certified or registered mail to AOA's third floor office, Townsend Building, Suite 1, 401 Federal Street, Dover, DE 19901. Any proposal received after the above date shall not be considered and shall be returned unopened. The proposing firm bears the risk of delays in delivery.**

### **E. Modifications to Proposals**

Any changes, amendments, or modifications to the proposal must be made in writing, submitted in the same manner as the original response and conspicuously labeled as a change, amendment, or modification to a previously submitted proposal. Changes, amendments, or modifications to proposals shall not be accepted or considered after the time and date specified as the deadline for submission of proposals.

## **VII. EVALUATION PROCEDURES**

### **A. Evaluation Committee**

Proposals submitted will be evaluated by an Evaluation Committee selected by AOA, which may consist of AOA and auditee personnel.

The Evaluation Committee may negotiate with one or more of the qualified firms during the same period and may, at its sole discretion, terminate negotiations with any and all firms at any time.

### **B. Review of Proposals**

Proposals that do not meet or comply with the instructions of this RFP may be considered non-conforming and deemed non-responsive and subject to disqualification at the sole discretion of the Evaluation Committee.

The Evaluation Committee will use a point formula during the review process to score proposals. All assignments of points shall be at the sole discretion of the Evaluation Committee. Each member of the Evaluation Committee will first score each technical proposal by each of the criteria described in Section VII C

below. The full Evaluation Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at an average technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed dollar cost bid will be opened and additional points will be added to the technical score based on the cost bid. The maximum score for cost will be assigned to the firm offering the lowest total all-inclusive maximum cost. Appropriate fractional scores will be assigned to other proposers.

AOA reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected and regardless of any statement of contention by a proposer to the contrary.

### C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Only firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and cost. The following represent the principal selection criteria that will be considered during the evaluation process.

#### 1. Mandatory Elements

All firms are required to meet these elements. No points assigned.

- a. The audit firm is independent and licensed to practice in Delaware. Please provide a copy of your firm's State of Delaware Occupational License (issued by the Division of Revenue); a copy of the firm's State of Delaware Board of Accountancy permit; and copies of the State of Delaware Board of Accountancy Permit of the engagement partner and the manager/supervisor in charge.
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the State of Delaware.
- c. The firm meets the continuing professional education standards of the *Government Auditing Standards*.
- d. The firm adheres to the instructions in this RFP on preparing and submitting the proposal.

- e. The firm has an internal quality control system in place and has had an external quality control review performed within the last three years or is currently under contract to have one performed. Please submit a copy of the firm's last external quality control review report (including the letter of comments, if applicable). The firm has a record of quality audit work.
  - f. The firm has the following minimum limits in insurance:
    - (1) Comprehensive General Liability.....\$1 million per claim/  
\$3 million aggregate
    - (2) Professional Liability.....\$1 million per claim/  
\$3 million aggregate
  - g. The firm has not been suspended or debarred from performing government audits or from other governmental activity.
  - h. The firm has not been the subject of any disciplinary action or inquiry during the past three years.
2. Technical Qualifications: (Maximum Points - [90])
- a. Expertise and Experience
    - (1) The firm's past experience and performance on comparable government engagements.
    - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.
  - b. Audit Approach
    - (1) Adequacy of proposed staffing plan for various segments of the engagement
    - (2) Compliance with *Generally Accepted Auditing Standards*
    - (3) Compliance with *Government Auditing Standards*

3. Cost

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM

Cost scores will be based on the number of proposals accepted and reviewed. The maximum score for cost will be assigned to the firm offering the lowest total all-inclusive maximum cost. Appropriate scores will be assigned to other proposers (e.g., if there are 10 proposals accepted and reviewed, then the firm with the lowest all-inclusive cost will be assigned 10 points, and the next lowest would be assigned 9 points, etc.).

D. Reservation of Rights

The Evaluation Committee reserves the right to:

1. Select for contract or for negotiations a proposal other than that with the lowest costs.
2. Reject any and all proposals or portions of the proposals received in response to this RFP or to make no award or issue a new RFP.
3. Waive or modify any information, irregularity, or inconsistency in proposals received.
4. Request modification to proposal from any or all contractors during the review and negotiation.
5. Negotiate any aspect of the proposal with any firm and negotiate with more than one firm at the same time.

The Evaluation Committee reserves the right to reject any proposal from a firm who:

1. Has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of the contract or subcontract;
2. Has been convicted under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offenses indicating lack of business integrity or business honesty that currently and seriously affects responsibility as a State contractor;

3. Has been convicted or has had a civil judgment entered for a violation under State or Federal antitrust statutes;
4. Has violated contract provisions such as:
  - a. Knowing failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract;
  - or
  - b. Failure to perform or unsatisfactory performance in accordance with terms of one or more contracts;
5. Has violated ethical standards set out in law or regulation;
6. Any other cause listed in regulations of the State of Delaware determined to be serious and compelling as to affect responsibility as a State contractor, including debarment by another governmental entity for cause listed in the regulations.

E. Oral Presentations

During the evaluation process, the Evaluation Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Evaluation Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations. All costs associated with participation in oral presentations conducted for the State of Delaware are the firm's responsibility.

F. Confidentiality of Documents

All documents submitted as part of the firm's proposal will be deemed confidential during the evaluation process. Proposals will not be available for review by anyone other than AOA and the Evaluation Committee or its designated agents. There shall be no disclosure of any firm's information to a competing firm prior to award of the contract.

The State of Delaware is a public agency as defined by state law, and as such, it is subject to the Delaware Freedom of Information Act, 29 *Del. C.* Ch. 100. Under the law, all the State of Delaware's records are public records (unless otherwise declared by law to be confidential) and are subject to inspection and copying by any person. Vendor(s) are advised that once a proposal is received by the State of Delaware and a decision on contract award is made, its contents will become

public record and nothing contained in the proposal will be deemed to be confidential except proprietary information.

Firms shall not include any information in their proposal that is proprietary in nature or that they would not want to be released to the public. Proposals must contain sufficient information to be evaluated and a contract written without reference to any proprietary information. If a firm feels that it cannot submit its proposal without including proprietary information, it must adhere to the following procedure or their proposal may be deemed unresponsive and will not be recommended for selection. Firm(s) must submit such information in a separate, sealed envelope labeled "Proprietary Information" with the RFP number. The envelope must contain a letter from the firm's legal counsel describing the documents in the envelope, representing in good faith that the information in each document is not "public record" as defined by 29 *Del. C.* § 10002(d), and briefly stating the reasons that each document meets the said definitions.

G. Final Selection

The AOA will select a firm based upon the recommendation of the Evaluation Committee. Neither AOA nor the Evaluation Committee nor the State of Delaware has any obligation to provide any firm with information or documentation related to the selection process and its decision with respect to this RFP beyond that which is described and required in this RFP or required by applicable law.

It is anticipated that a firm will be selected by February 27, 2009. Following notification of the firm selected, it is expected a contract will be executed between both parties by March 13, 2009.

H. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between AOA and the firm selected.

AOA reserves the right without prejudice to reject any or all proposals.

VIII. CONTRACT CONDITIONS

The firm awarded the contract will be required to enter into a written agreement with AOA. AOA reserves the right to incorporate standard State of Delaware contractual provisions into any contract negotiated as a result of a proposal submitted in response to an RFP. Any proposed modifications to the terms and conditions of the standard contract



are subject to review and approval by AOA. The firm shall be referred to as "CONTRACTOR" in the agreement.

The selected firm will be expected to enter negotiations with AOA, which will result in a formal agreement between the parties. Procurement will be in accordance with the subsequent contracted agreement. This RFP and the selected firm's response to this RFP will be incorporated as part of any formal agreement.

If the firm to whom the contract is awarded fails to enter in the agreement as herein provided, the award will be annulled and an award may be made to another firm. Such firm shall fulfill every stipulation embraced therein as if they were the party to whom the first award was made.

The selected firm under this RFP shall be subject to contractual provisions, in a form substantially similar to the following, as well as those agreed to by the parties and not specifically described herein.

A. Term

The term of the contract between the successful firm and AOA shall be determined by AOA with consideration of the agency's request. The agreement may be terminated by AOA at any time by giving written notice to the CONTRACTOR of such termination. Upon such termination, the CONTRACTOR will be paid for the hours of work actually completed.

In the event the successful firm materially breaches any obligation under this Agreement, the CONTRACTOR shall not be relieved of any liability to the State of Delaware for damages suffered by it by virtue of any such breach. AOA may withhold any payments to CONTRACTOR for the purpose of set off for such damages.

B. Compensation

AOA agrees to pay CONTRACTOR compensation calculated solely on the amount of audit work performed by firm's staff, based on actual hours billed and hourly rates as set forth in Appendix A herein, as well as approved out-of-pocket expenses.

CONTRACTOR agrees to bill AOA only for actual work performed and out-of-pocket expenses incurred during its performance of the engagement. CONTRACTOR must submit all invoices in writing or electronic format to AOA for approval. Invoices must include the name of the auditor who performed the work, the nature of work performed, the date(s) work performed, the number of

hours worked and the corresponding hourly rate, in addition to the amounts, descriptions and dates of all out-of-pocket expenses for which reimbursement is requested. If approved, AOA will forward the invoice to the auditee for payment or pay the invoices itself, depending on the type of audit.

C. Non-Appropriation

In the event the General Assembly fails to appropriate the specific funds necessary to enter into or continue the contractual agreement, in whole or in part, the agreement shall be terminated, as to any obligation of the State of Delaware requiring the expenditure of money for which no specific appropriation is available at the end of the last fiscal year for which no appropriation is available or upon the exhaustion of funds.

D. Notice

Any notice to AOA required under this Agreement shall be in writing and sent by regular mail and registered mail to:

Attention: R. Thomas Wagner, Jr.  
Auditor of Accounts  
Townsend Building, Suite 1  
401 Federal Street  
Dover, DE 19901

E. Formal Contract and Purchase Order

The successful firm shall promptly execute an agreement incorporating the terms of this RFP within twenty days after the award of the contract. No bidder is to begin any service prior to receipt of a State of Delaware purchase order signed by two authorized representatives of the agency requesting service, properly processed through the State of Delaware Accounting Office and the (Agency). The purchase order shall serve as the authorization to proceed in accordance with the bid specifications and the special instructions, once it is received by the successful firm.

F. Indemnification

By submitting a proposal, the proposing firm agrees that in the event it is awarded a contract, it will indemnify and otherwise hold harmless the State of Delaware, its agents and employees from any and all liability, suits, actions, or claims, together with all costs, expenses for attorney's fees, arising out of the firm's, its agents and employees' performance of work or services in connection with the

contract, regardless of whether such suits, actions, claims or liabilities are based upon acts or failures to act attributable, in whole or in part, to the State of Delaware, its employees or agents.

G. Compliance

In performance of the contract the firm is required to comply with all applicable federal, state and local laws, regulations, policies, guidelines and requirements of the jurisdiction in which the Agreement is performed, as well as all applicable professional conduct rules and guidelines. The cost of permits and other relevant costs required in the performance of the contract shall be borne by the successful firm. The firm shall be properly licensed and authorized to transact business in the State of Delaware as provided in Section 2502 of Title 30 of the Delaware Code and other applicable statutes and regulations.

H. Insurance

The firm recognizes that it is operating as an independent contractor (and not an employee of the State of Delaware) and that it is liable for any and all losses, penalties, damages, expenses, attorney’s fees, judgments, and/or settlements incurred by reason of injury to or death of any and all persons, or injury to any and all property, of any nature, arising out of the contractor’s negligent performance under this contract, and particularly without limiting the foregoing, caused by, resulting from, or arising out of any act of omission on the part of the contractor in their negligent performance under this contract.

The firm must certify that it shall maintain such insurance as will protect against claims under Worker’s Compensation Act and from any other claims for damages for personal injury, including death, which may arise from operations under the Agreement. The firm is an independent contractor and is not an employee of the State of Delaware.

The firm shall, at its expense, carry insurance of minimum limits as follows:

Comprehensive General Liability.....	\$1 million per claim/ \$3 million aggregate
Professional Liability.....	\$1 million per claim/ \$3 million aggregate

The firm shall provide a certificate of insurance as proof that the firm has the required insurance.

I. Non-Discrimination

In performing the services subject to this RFP, the firm agrees that it will not discriminate against any employee or applicant for employment because of race, creed, age, marital status, religion, color, sex, genetic information, national origin, or disability. The successful firm shall comply with all federal and state laws, regulations and policies pertaining to the prevention of discriminatory employment practice. Failure to perform under this provision constitutes a material breach of contract.

J. Covenant Against Contingent Fees

The successful firm warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement of understanding for a commission or percentage, brokerage or contingent fee excepting bona-fide employees, bona-fide established commercial or selling agencies maintained by the bidder for the purpose of securing business. For breach or violation of this warranty, AOA shall have the right to annul the contract without liability or at its discretion to deduct from the contract cost or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

K. Contract Documents

The RFP, the Purchase Order and the executed Agreement between AOA and the successful firm shall constitute the Contract between AOA and the firm. In the event there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: Agreement, Purchase Order, and RFP. No other documents shall be considered. These documents contain the entire agreement between AOA and the firm. Firm agrees to be bound by the terms of this RFP pending final execution of the Agreement by the parties.

L. Applicable Law

The laws of the State of Delaware shall apply, except where Federal law has precedence. The successful firm consents to exclusive jurisdiction in the State of Delaware and agrees that any litigation relating to this Agreement shall be filed and litigated in a court in the State of Delaware.

M. Scope of Agreement

If the scope of any provision of this Agreement is too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

APPENDIX A

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

DNREC, HAZARDOUS SUBSTANCE CLEANUP FUND

FOR THE AUDIT OF THE FISCAL YEARS 2009-2011 FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard</u> <u>Hourly</u> <u>Rates</u>	<u>Quoted</u> <u>Hourly</u> <u>Rates</u>	<u>Total</u>
Partners				
Managers				
Supervisory staff				
Staff				
Other (Specify) _____				
Sub Total				
Out-of-pocket expenses				
Meals and lodging				
Transportation				
Other (Specify) _____				
Total all-inclusive maximum cost for Fiscal Years 2009-2011 Audit				

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum cost.

APPENDIX A

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

DNREC, WATER POLLUTION CONTROL REVOLVING LOAN FUND

FOR THE AUDIT OF THE FISCAL YEARS 2009-2011 FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners				
Managers				
Supervisory staff				
Staff				
Other (Specify) _____				
Sub Total				
Out-of-pocket expenses				
Meals and lodging				
Transportation				
Other (Specify) _____				
Total all-inclusive maximum cost for Fiscal Years 2009-2011 Audit				

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum cost.

APPENDIX A

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

DHSS, DRINKING WATER REVOLVING LOAN FUND

FOR THE AUDIT OF THE FISCAL YEARS 2009-2011 FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners				
Managers				
Supervisory staff				
Staff				
Other (Specify) _____				
Sub Total				
Out-of-pocket expenses				
Meals and lodging				
Transportation				
Other (Specify) _____				
Total all-inclusive maximum cost for Fiscal Years 2009-2011 Audit				

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum cost.